



**TESTIMONY OF**

**MATTHEW J. SHUMAN, DIRECTOR  
NATIONAL LEGISLATIVE DIVISION**

**THE AMERICAN LEGION**

**BEFORE THE**

**COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**ON**

**"FISCAL YEAR 2018 BUDGET FOR THE DEPARTMENT OF VETERANS AFFAIRS"**

**MAY 24, 2017**

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Chairman Roe, Ranking Member Walz, and Members of the Committee; On behalf of Charles E. Schmidt, the National Commander of the largest Veteran Service Organization in the United States of America representing more than 2.2 million members; we welcome this opportunity to comment on the federal budget and specific funding programs of the Department of Veterans Affairs (VA).

The American Legion is a resolution based organization. We are directed and driven by the millions of active Legionnaires who have dedicated their money, time, and resources to the continued service of veterans and their families. Our positions are guided by nearly 100 years of advocacy and resolutions that originate at the grassroots level of the organization – the local American Legion posts and veterans in every congressional district of America. The Headquarters staff of the Legion works daily on behalf of veterans, military personnel, and our communities through roughly 20 national programs and hundreds of outreach programs led by our posts across the country.

As the Department of Veterans Affairs moves forward to serve the veterans of this nation, it is important that the Secretary have the tools and resources necessary to ensure that veterans served by VA receive the services they are entitled to in a timely, professional, and courteous manner – because they have earned it. During the past two years, VA has grown in resources and services as was necessary to backfill gaps in funding based on the patient population VHA is required to serve. The American Legion calls on this Congress to ensure that funding is maintained and increased as necessary to ensure the VA is preserved and enhanced to serve the veterans of the 21<sup>st</sup> century, and beyond.

Sustainability, accountability, information technology (IT) integration and updates, facilities repair, construction, staff recruiting, and of course, health care are paramount programs that need to be immediately addressed and funded, and The American Legion has testified on the need for increased funding for each of these programs within the past several months alone.

## **Ensuring Proper VA Staffing**

Unfortunately, there are no easy solutions for VHA when it comes to effectively and efficiently recruiting and retaining staff at VA healthcare facilities, but that doesn't necessarily mean that throwing additional funding at the problem is the answer. The American Legion believes that access to basic health care services offered by qualified primary care providers should be available locally, and by a VA health care professional as often as possible at all times.

While the VA's Academic Residency Program has made significant contributions in training VA health care professionals, upon graduation, many of these health care professionals choose a career outside the VA health care system. The VA will never be in a position to compete with the private sector. To this end, The American Legion feels strongly that VA should begin looking into establishing its own VA Health Professional University and begin training their medical health care professionals to serve as a supplement to VA's current medical residency program.<sup>1</sup> Conceivably, medical students accepted into VA's Health Professional University would have their tuition paid in full by VA and upon graduation, the graduate would be required to accept an appointment at a federal health facility at a starting salary comparable to what a new medical graduate would be paid by VA based on their experience and specialty. Similar to a military service academy, a VA medical school will be highly selective, competitive, and well respected. Applicants can be nominated by their congressional representative, teaching staff can be sourced organically as well as nationally, and real estate is plentiful. This will help ensure the VA will have an adequate number of healthcare professionals to meet the growing number of veterans and their healthcare needs.

The American Legion understands that filling highly skilled vacancies at premiere VA hospitals around the country is challenging. VA has a variety of creative solutions available to them without the need for additional legislative action. One such idea could involve the creation of a medical school; another would be to aggressively seek out public-private partnerships with all local area hospitals. VA could expand both footprint market penetration by renting space in existing hospitals where they would also be able to leverage existing resources and foster comprehensive partnerships with the community. Finally, VA could research the feasibility of incentivizing recruitment at level 3 hospitals by orchestrating a skills sharing program that might entice physicians to work at level 3 facilities if they were eligible to engage in a program where they could train at a level 1 facility for a year every 5 years while requiring level 1 facility physicians to spend some time at level 3 facilities to share best practices. Currently, the medical staff is primarily detailed to temporarily fill vacancies. This practice fails to incentivize the detailed professional to share best practices and teach, merely hold down the position until it can be filled by a permanent hire.

## **Modernizing VA's IT Infrastructure**

*"Overhauling the health care system for Americans who answered the call of duty by serving in the military is a national priority. The country's largest integrated health care delivery system is responding to these challenges and aims to reestablish trust by expanding methods of providing*

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<sup>1</sup> American Legion Resolution No. 377: [Support for Veteran Quality of Life: \(Sept. 2016\)](#)

*care and emphasizing the concept of “whole health” and adopting a veteran-centric approach in everything we do. It will be necessary to reimagine the future of VHA health care delivery. Partnerships with federal and community health care providers may result in better access and broader capabilities and will require a new infrastructure. The future requires the use of best practices in science and engineering to improve the quality, safety, and consistency of veteran’s experience, regardless of the site or type of care.” David Shulkin, M.D.<sup>2</sup>*

Department of Veterans Affairs (VA) Information Technology (IT) infrastructure has been an evolving technological necessity over the past 37 years, sometimes leading the industry, and sometimes trailing. The American Legion has been intrinsically involved with VA’s IT transformation from the inception of Veterans Health Information and Technology Architecture (VistA) to the recent introduction of VistA-e[volution] for medical records, as well as being a pioneer partner in the concept and integration of the fully electronic disability claims process.

Leading the field in 1978, VA doctors developed an electronic solution to coordinate and catalog patients healthcare long before their private sector colleagues, who were slow to follow, while some private physicians still refuse to automate today.

IT automation is expensive to implement and expensive to maintain, especially when maintaining legacy equipment. As in all digital space, IT infrastructure advances so quickly that most IT infrastructure is outdated by the time it is fully implemented, and VA’s IT infrastructure is no different. Unfortunately, in this case, it is simply the cost of doing business in a technologically advancing society. With this in mind, companies are turning to rented cloud-based resources and Software as a Service (SAS) to mitigate costs. These services have a lower up-front investment and negate the need for hardware maintenance and software upgrades in many cases.

Information Technology is inextricably intertwined into many of the services we take for granted, such as; telephone systems, appointment scheduling, procurement, building access, safety controls, and much more. Maintaining an up-to-date system is not a luxury, it is necessary, and The American Legion has found that VA’s IT infrastructure is aged and failing our veterans.

One of the primary complaints The American Legion receives regarding VA healthcare is scheduling issues. VA’s inability to schedule the full complement of veterans’ healthcare needs from one central location causes a multitude of delays and billing problems and puts veteran patients at risk when all of the members of the veteran’s health team are unable to effectively collaborate online.

In order for VA to safely and effectively serve veterans going forward they need a 21<sup>st</sup>-century data system that incorporates;

- ✓ A single lifetime Electronic Health Record system (EHR),
- ✓ One Operation Management Platform consisting of one resource allocation, financial, supply chain, and human resources system that are integrated seamlessly with the EHR,

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<sup>2</sup> New England Journal of Medicine <http://www.nejm.org/doi/full/10.1056/NEJMp1600307>

- ✓ A single Customer Relationship Management (CRM) system

If proprietary, the system needs to be built using open source code, which will allow the program to remain sustainable and enable future competitive Application Programming Interface (API) Framework that will provide seamless interoperability with internal and external systems.

Once this system is developed, metrics and analytics will be available to all levels of leadership from decentralized locations. Legacy viewer and 130 different versions of VistA simultaneously running across the national and international VA landscape that has been patched together is outdated and ineffective. A veteran should be able to walk into any VA Medical Center (VAMC) anywhere in the country or abroad, and the first intake specialist to assist that veteran should be able to pull the patient's record up instantly. This is not possible today.

Initiatives like MyHealtheVet, eBenefits, and the recently launched Vets.gov are all steps in the right direction, and all need to be tied into a single user interface system. The American Legion also supports extended use of public/private partnerships similar to the team detailed to VA from the private sector who have spent the past 18 months building the Vets.gov portal. IT industry leaders such as Amazon, Google, Microsoft, and Cisco have already partnered with VA in a number of areas and appear willing to help at cost, below market cost, or even donated services, and VA needs to have the flexibility to maximize these relationships.

Finally, as we struggle to keep up with the multitude of programs and expenditures related to VA's IT program, The American Legion is outraged that one of VA's first experiences with integrating cloud services into the VA program was mismanaged and squandered more than \$2 million in taxpayer funds. VA does not have the freedom to learn as they go and needs to partner with or hire experts in cloud computing before they engage in cloud brokerage services. A few days ago the VA Office of Inspector General found<sup>3</sup>;

*"OI&T spent over \$2 million on a cloud brokerage service contract that provided limited brokerage functionality and that VA's actions did not ensure adequate system performance or return on investment. We determined total project costs exceeded \$5 million and the system's limited brokerage service functionality prevented it from being used in a production environment. This capability is essential for delivery of cloud services. The project manager did not ensure that formal testing and acceptance were conducted on project deliverables."*

These deficiencies occurred because of a lack of executive oversight and ineffective project management. Without enforcement of oversight controls, project leadership cannot ensure it will receive the value of contract deliverables or demonstrate an adequate return on investment for the project."

The American Legion calls on Congress to consider funding that enables VA to tie all of their IT programs together into a seamless program capable of processing claims, managing veterans' health care needs, integrating procurement needs so that VA leaders and Congress can analyze

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<sup>3</sup> VAOIG <https://www.va.gov/oig/pubs/VAOIG-15-02189-336.pdf>

annual expenditures versus healthcare consumption, integrating patient communications into their profiles, and ensuring seamless transition between the Department of Defense and VA.

### **Consolidation of Outside Care**

When the Choice program was added as a temporary emergency measure as part of the Veterans Access, Choice and Accountability Act (VACAA) of 2014<sup>4</sup>, The American Legion supported the program because we had witnessed firsthand the need across the country. In 2014, The American Legion set up a dozen Veterans Crisis Command Centers (VCCCs) in affected areas from Phoenix to Fayetteville and spoke to hundreds of veterans personally affected by the scheduling problems within VA. The Choice program provided an *immediate short-term option*, but it also provided an opportunity to learn how veterans utilized the program. At that time, The American Legion recommended gathering as much data as possible from veterans using the program to improve the ability of VA's other existing authorities for care in the community.<sup>5</sup> Additionally, The American Legion supported the Veterans Choice Continuation Act, which continued the Veterans Choice Program (VCP) that was due to expire on August 7, 2017 by ensuring veterans within the VA healthcare system who are using the VCP continue to have the ability to access quality health care within their communities without any interruption of services.

With the creation of the Choice program, Congress appropriately allocated \$10 billion in emergency funds to provide the life support for the program. Now that Choice is set to expire when the funds are depleted, The American Legion strongly believes the next evolution of Choice should be the streamlining and consolidation of the community care programs at VA. Choice taught us that there is certainly a need for care in the community, which has a hefty price tag attached to it. The American Legion urges Congress to learn from Choice, and not end the funding levels that Choice brought us. We urge this critical committee and the entire United States Congress to continue to fund community care for veterans at the current levels of roughly \$3.3 Billion annually.

This committee, the U.S. Senate, VA, and VSO's are currently working together to determine what the next evolution of Choice looks like, but the one thing we all agree on is there is certainly a need for community care. Choice demonstrated to the nation that there was a gap in care and the emergency funds that were allocated gave VA the resources to provide the much-needed health care. Moving forward, and after witnessing the sincere need for community care, The American Legion simply urges Congress to fund the community care programs at the appropriate levels, which should be no less than what is currently being allocated.

### **The Looming Appeals Crisis**

The American Legion currently holds power of attorney on more than three-quarters of a million claimants. We spend millions of dollars each year defending veterans through the claims and

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<sup>4</sup> Public Law P.L. 113-146

<sup>5</sup> Such as Project Access Received Closer to Home (ARCH), the Patient Centered Community Care (PCs) program and others

appeals process, and our success rate at the Board of Veterans Appeals (BVA) continues to hover around 80 percent.

Although Congress is taking the appropriate actions in addressing the issue of future appeals, through the *Veterans Appeals Improvement and Modernization Act of 2017*, there remains roughly 500,000 legacy claims yet addressed. According to the VA, the average wait time to resolve an appeal is around 1,600 days.<sup>6</sup>

In 2016, the VA released a study explaining what resources were required to address the growing legacy appeals inventory. With \$50 million, the VA projects that the last of the legacy appeal claims would be resolved sometime *after* 2026. With funding at \$242 million dollars, the VA projected to address all legacy claims by 2022. If funding is not allocated to support the VA's mission to reduce legacy appeal claims, they estimate that over 214,000 claims will take over nine years to resolve.<sup>7</sup>

The American Legion requests that Congress authorizes \$242 million in FY 2018 –2019, and beyond, to the VA so that they may start working the backlog of appeals currently in the system. The projected date to end all backlog legacy appeals with this funding would be 2022. Any lesser amount of funds would drastically increase the amount of time to finish legacy appeals.

## **Better Care for Female Veterans**

A 2011 American Legion study revealed several areas of concern about VA health-care services for women. Today, VA still struggles to fulfill this need, even though women are the fastest-growing segment of the veteran population. Approximately 1.8 million female veterans make up 8 percent of the total veteran population, yet only 6 percent use VA services.

VA needs to be prepared for a significant increase of younger female veterans as those who served in the War on Terror separate from active service. Approximately 58 percent of women returning from Iraq and Afghanistan are ages 20 to 29, and they require gender-specific expertise and care. Studies suggest post-traumatic stress disorder is especially prevalent among women; among veterans who used VA in 2009, 10.2 percent of women and 7.8 percent of men were diagnosed with PTSD.

The number of female veterans enrolled in the VA system is expected to expand by more than 33 percent in the next three years. Currently, 44 percent of Iraq and Afghanistan female veterans have enrolled in the VA health-care system.

VA needs to develop a comprehensive health-care program for female veterans that extend beyond reproductive issues. Bills like the Deborah Sampson Act and the Women Veterans Access to Quality Care Act are a step in the right direction. Provider education needs improvement. Furthermore, as female veterans are the sole caregivers in some families, services, and benefits designed to promote independent living for combat-injured veterans must be

<sup>6</sup> [https://drive.google.com/file/d/0B70\\_mGYT1tJETzZGWUZKYzdGXzg/view](https://drive.google.com/file/d/0B70_mGYT1tJETzZGWUZKYzdGXzg/view)

<sup>7</sup> [https://drive.google.com/file/d/0B70\\_mGYT1tJETzZGWUZKYzdGXzg/view](https://drive.google.com/file/d/0B70_mGYT1tJETzZGWUZKYzdGXzg/view)

evaluated, and needs such as child care must be factored into the equation. Additionally, many female veterans cannot make appointments due to the lack of child-care options at VA medical centers. Since the 2011 survey, The American Legion has continued to advocate for improved delivery of timely, quality health care for women using VA. The American Legion is encouraged that the President's budget recognizes the need for additional funding in this critical area, and has proposed an increase of \$32 million almost 9 percent over last year's authorization levels, which combined with years 2009 through 2014 represents an increase in funding of nearly 240 percent to deal with this growing segment of the veteran population.

### **Military and Veteran Caregiver Services**

The struggle to care for veterans wounded in defense of this nation takes a terrible toll on families. In recognition of this, Congress passed, and President Barack Obama signed into law, the *Caregivers and Veterans Omnibus Health Services Act of 2010*. The unprecedented package of caregiver benefits authorized by this landmark legislation includes training to help to ensure patient safety, cash stipends to partially compensate for caregiver time and effort, caregiver health coverage if they have none, and guaranteed periods of respite to protect against burnout.

The comprehensive package, however, is not available to most family members who are primary caregivers to severely ill and injured veterans. Congress opened the program only to caregivers of veterans severely "injured," either physically or mentally, in the line of duty on or after Sept. 11, 2001. It is not open to families of severely disabled veterans injured before 9/11, nor is it open to post-9/11 veterans who have severe service-connected illnesses, rather than injuries, which is why we call on Congress to immediately pass the Military and Veteran Caregiver Services Improvement Act of 2017.

The American Legion has long advocated for expanding eligibility and ending the obvious inequity that *Caregivers and Veterans Omnibus Health Services Act of 2010* created. Simply put, a veteran is a veteran! All veterans should receive the same level of benefits for equal service. As affirmed in American Legion Resolution No. 259: *Extend Caregiver Benefits to Include Veterans Before September 11, 2001*, The American Legion supports legislation to remove the date September 11, 2001, from Public Law 111-163 and revise the law to include all veterans who otherwise meet the eligibility requirements.<sup>8</sup>

The American Legion is optimistic that providing expanded support services and stipends to caregivers of veterans to all eras is not only possible but also budgetary feasible and the right thing to do. We urge this committee and the U.S. Congress to allocate the required funding to expand the caregiver program to all eras of conflict and veterans who should be in this program.

### **Ensuring Quality Care to Rural Veterans**

The American Legion's System Worth Saving task force travels the country to evaluate VA medical facilities and ensure they are meeting the needs of veterans. From November 2013 to

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<sup>8</sup> American Legion Resolution No. 259 (2016): *Extend Caregiver Benefits to Include Veterans Before September 11, 2001*



May 2014, the task force has been conducting site visits to VA medical facilities and town hall meetings to receive feedback from local veterans who utilize VA to receive their health care.

The Task Force, in its 14<sup>th</sup> program year, is focusing on VA's accomplishments and progress over the past decade and a half, current issues and concerns, and VA's five-year strategic plan for several program areas. These areas of focus are VA's budget, staffing, enrollment/outreach, hospital programs (e.g. mental health, intensive care unit (ICU), long-term services and support, homelessness programs) information technology and construction programs.

During each site visit, a town hall meeting is hosted by an American Legion Post. The town hall meetings have consistently illustrated that veterans are worried VA has turned a deaf ear to their concerns and is intentionally ignoring their complaints. We have seen firsthand where VA has closed intensive care departments, downgrading emergency departments to urgent care clinics, or has proposed to closed or reconfiguring hospital services under the guise of "realigning services closer to where veterans live", such as the reconfiguration proposal at the VA Black Hills Health Care System, which has served the veterans of Hot Springs, South, Dakota for over 100 years and we applaud Secretary Shulkin for halting further dismantling of this historic and much-needed community facility.

The American Legion urges Congress to evaluate VA's plan in rural areas and to stop VA from closing hospitals and community-based outpatient clinics unless existing requisite community services are meet or exceed that VA currently provides to veterans.

### **Assisting Homeless Veterans**

The American Legion strongly believes that homeless veteran programs should be granted sufficient funding to provide supportive services such as, but not limited to: outreach, health care, rehabilitation, case management, personal finance planning, transportation, vocational counseling, employment, and education.

Furthermore, The American Legion continues to place special priority on the issue of veteran homelessness. With veterans making up approximately 11% of our nation's total adult homeless population, there is plenty of reason to give this issue special attention. Along with various community partners, The American Legion remains committed to seeing VA's goal of ending veteran homelessness come to fruition. Our goal is to ensure that every community across America has programs and services in place to get homeless veterans into housing (along with necessary healthcare/treatment) while connecting those at-risk veterans with the local services and resources they need. We hope to see that with the expansion of assistance afforded to homeless veterans and their dependents, there will also be an increase in funding to support. We estimate that an additional \$10 million annually will be sufficient to accomplish this goal.

### **Repair Problems in Mental Health**

During the past half-decade, VA has nearly doubled their mental health care staff, jumping from just over 13,500 providers in 2005 to over 20,000 providers in 2011. However, during that time there has been a massive influx of veterans into the system, with a growing need for psychiatric

services. With over 1.5 million veterans separating from service in the past decade, 690,844 have not utilized VA for treatment or evaluation. The American Legion is deeply concerned about nearly 700,000 veterans who are slipping through the cracks unable to access the health care system they have earned through their service.

Post-traumatic stress disorder and traumatic brain injury are the signature wounds of today's wars. Both conditions are increasing in number, particularly among those who have served in Operation Iraqi Freedom and Operation Enduring Freedom. The President's request for a 6 percent increase in funding will hopefully find much-needed dollars dedicated to this area considering that a 2011 Senate Committee on Veterans' Affairs survey of 319 VA mental health staff revealed that services for veterans coping with mental health issues and TBI lack considerable support. Among the findings:

- New mental health patient appointments could be scheduled within 14 days, according to 63 percent of respondents, but only 48.1 percent believed veterans referred for specialty appointments for PTSD or substance abuse would be seen within 14 days.
- Seventy percent of providers said their sites had shortages of mental health space.
- Forty-six percent reported that a lack of off-hours appointments was a barrier to care.
- More than 26 percent reported that demand for Compensation and Pension (C&P) exams pulled clinicians away from direct care.
- Just over 50 percent reported that growth in patient numbers contributed to mental health staff shortages.

VHA and, at the request of Congress, VA's Office of the Inspector General have studied the problem since the survey was conducted. On April 23, 2012, the VAOIG released the report, "Review of Veterans' Access to Mental Health Care." It found that VHA's mental health performance data was neither accurate nor reliable. In VA's FY 2011 Performance and Accountability Report, VHA grossly over-reported that 95 percent of first-time patients received a full mental health evaluation within 14 days. However, it was found that VHA completed approximately 64 percent of new-patient appointments for treatment within 14 days of their desired date, but approximately 36 percent of appointments exceeded 14 days. VHA schedulers also were not following procedures outlined in VHA directives and were scheduling clinic appointments on the system's availability rather than the patient's clinical need.

The American Legion believes VA must focus on head injuries and mental health without sacrificing awareness and concern for other conditions afflicting servicemembers and veterans. As an immediate priority, VA must ensure staffing levels are adequate to meet the need. The American Legion also urges Congress to invest in research, screening, diagnosis and treatment of PTSD and TBI and will continue to monitor VA to ensure that they remain, good stewards of the people's money

Although The American Legion supports advance appropriations, we remain concerned accurate projections on population and utilization, and other challenges remain.

One such challenge is with the procurement of medical equipment and Information Technology (IT) purchases. When IT within the VA was combined across the entire agency, it was

implemented to improve efficiency, contracting, management, and other challenges inherent with three disjointed IT management teams. This has proved somewhat successful. However, we hear that procurement of medical equipment, and IT is hampered at medical facilities due to budget implementation failures through continuing resolutions. While a VA medical center director might have his/her operational funding beginning October 1 because of advance appropriations, much needed IT or medical equipment might be delayed due to a continuing resolution impasse in Congress. This has a detrimental impact on the veteran and his/her care. Therefore, The American Legion recommends the IT portion of the budget be added to advance appropriations and help smooth those budget challenges. Additionally, The American Legion remains committed to working with the VA in any way possible to move the VA toward their goal of becoming a fully integrated paperless system.

### **Medical Services**

Over the past two decades, VA has dramatically transformed its medical care delivery system. Through The American Legion visits a variety of medical facilities throughout the nation during our System Worth Saving Task Force, we see firsthand this transformation and its impact on veterans in every corner of the nation.

While the quality of care remains exemplary, veteran health care will be inadequate if access is hampered. Today there are over 23 million veterans in the United States. While 8.3 million of these veterans are enrolled in the VA health care system, a population that has been relatively steady in the past decade, the costs associated with caring for these veterans has escalated dramatically.

For example between FYs 2007 and 2010, VA enrollees increased from 7.8 million to 8.3 million<sup>9</sup>. During the same period, inpatient admissions increased from 589 thousand to 662 thousand. Outpatient visits also increased from 62 to 80.2 billion. Correspondingly, cost to care for these veterans increased from \$29.0 billion to \$39.4 billion. This 36 percent increase during those two years is a trend that dramatically impacts the ability to care for these veterans.

While FY 2010 numbers seemingly leveled off – to only 3 percent annual growth – will adequate funding exist to meet veteran care needs? If adequate funding to meet these needs isn't appropriated, VA will be forced to either not meet patient needs or shift money from other accounts to meet the need.

Even with the opportunity for veterans from OIF/OEF to have up to 5 years of care following their active duty period, we have not seen a dramatic change in overall enrollee population. Yet The American Legion remains concerned that the population estimates are dated and not reflective of the costs. If current economic woes and high unemployment rates<sup>10</sup> for veterans remain and with the Vietnam Era Veterans beginning to retire and needing healthcare that may no longer be provided by their employers, VA medical care will become enticing for a veteran population that might not have utilized those services in the past.

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<sup>9</sup> Source: Department of Veterans Affairs, Veterans Health Administration, Office of the Assistant Deputy Under Secretary for Health for Policy and Planning. Prepared by the National Center for Veterans Analysis and Statistics

<sup>10</sup> Source: [\*U.S. Department of Labor, Veterans' Employment & Training Service\*](#) (2017)

Finally, ongoing implementation of programs such as the PL 111-163 “Caregiver Act” will continue to increase demands on the VA health care system and therefore result in an increased need for a budget that can adequately deal with the challenges.

In order to meet the increased levels of demand, even assuming that not all eligible veterans will elect to enroll for coverage, and keep pace with the cost trend identified above, there must be an increase to account for both the influx of new patients and increased costs of care.

### **Medical Support and Compliance**

The Medical Support and Compliance account consist of expenses associated with administration, oversight, and support for the operation of hospitals, clinics, nursing homes, and domiciliaries. Although few of these activities are directly related to the personal care of veterans, they are essential for quality, budget management, and safety. Without adequate funding in these accounts, facilities will be unable to meet collection goals, patient safety, and quality of care guidelines.

The American Legion has been critical of programs funded by this account. We remain concerned patient safety is addressed at every level. We are skeptical if patient billing is performed efficiently and accurately. Moreover, we are concerned that specialty advisors/counselors to implement OIF/OEF outreach, “Caregiver Act” implementation, and other programs are properly allocated. If no need for such individuals exists, should the position be placed within a facility? Simply throwing more money at this account, increasing staff and systems won’t resolve all these problems.

During the previous budget, this account grew by nearly 8 percent to \$5.31 billion. The American Legion questions the necessity for that rate to continue at this time.

### **Medical Facilities**

During FY 2012, VA unveiled the Strategic Capital Investment Planning (SCIP) program. This ten-year capital construction plan was designed to address VA’s most critical infrastructure needs. Through the plan, VA estimated the ten-year costs for major and minor construction projects and non-recurring maintenance would total between \$53 and \$65 billion over ten years.

The American Legion is supportive of the SCIP program which empowers facility managers and users to evaluate needs based on patient safety, utilization, and other factors. While it places the onus on these individuals to justify the need, these needs are more reflective of the actuality as observed by our members and during our visits. Yet, VA has taken this process and effectively neutered it through budget limitations thereby underfunding the accounts and delaying delivery of critical infrastructure.

So while failing to meet these needs, facility managers will be forced to make do with existing aging facilities. While seemingly saving money in construction costs, the VA will be expending money maintaining deteriorating facilities, paying increased utility and operational costs, and performing piecemeal renovation of properties to remain below the threshold of major or minor projects.

This is an inefficient byproduct of budgeting priorities. Yet, as will be noted later, the reality remains that the SCIP program is unlikely to be funded at levels necessary to accomplish the ten-year plan. Therefore, this account must be increased to meet the short-term needs within the existing facilities.

### **Major and Minor Construction**

After two years of study, the VA developed the Strategic Capital Investment Planning (SCIP) program. It is a ten-year capital construction plan designed to address VA's most critical infrastructure needs within the Veterans Health Administration, Veterans Benefits Administration, National Cemetery Administration, and Staff Offices.

The SCIP planning process develops data for VA's annual budget requests. These infrastructure budget requests are divided into several VA accounts: Major Construction, Minor Construction, Non-Recurring Maintenance (NRM), Enhanced-Use Leasing, Sharing, and Other Investments and Disposal. The VA estimated costs were between \$53 and \$65 billion.

The American Legion is very concerned about the lack of funding in the Major and Minor Construction accounts. Based on VA's SCIP plan, Congress underfunded these accounts. Clearly, if this underfunding continues VA will never fix its *identified* deficiencies within its ten-year plan. Indeed, at current rates, it will take VA almost sixty years to address these current deficiencies.

The American Legion also understands there is a discussion to refer to SCIP in the future as a "planning document" rather than an actual capital investment plan. Under this proposal, VA will still address the deficiencies identified by the SCIP process for future funding requests but rather than having an annual appropriation, SCIP will be extended to a five-year appropriation, similar to the appropriation process used by the Department of Defense as its construction model. Such a plan will have huge implications on VA's ability to prioritize or make changes as to design or project specifications of its construction projects. The American Legion is against this five-year appropriation model and recommends Congress continue funding VA's construction needs on an annual appropriations basis.

The American Legion recommends Congress adopt the 10-year action plan created by the SCIP process. Congress must appropriate sufficient funds to pay for needed VA construction projects and stop underfunding these accounts.

### **State Veteran Home Construction Grants**

Perhaps no program facilitated by the VA has been as impacted by the decrease in government spending than the State Veteran Home Construction Grant program. This program is essential in providing services to a significant number of veterans throughout the country at a fraction of the daily costs of similar care in private or VA facilities. As the economy rebounds and states are pivoting towards resuming essential services, taking advantage of depressed construction costs, and meeting the needs of an aging veteran population, greater use of this grant program will continue. As our baby boomer population continues to transition into retirement, many more of these veterans are retiring to state veteran homes due to their excellent reputation for care and cost. The popularity of these retirement options will cause any surplus of space to become consumed. The American Legion encourages Congress to increase the funding level of this program.

### **National Cemetery Administration (NCA)**

No aspect of the VA is as critically acclaimed as the National Cemetery Administration (NCA). In the 2010 American Customer Satisfaction Index, the NCA achieved the highest ranking of any public or private organization. In addition to meeting this customer service level, the NCA remains the highest employer of veterans within the federal government and remains the model for contracting with veteran-owned businesses.

While NCA met their goal of having 90 percent of veterans served within 75 miles of their home, their aggressive strategy to improve upon this in the coming five years will necessitate funding increases for new construction. Congress must provide sufficient major construction appropriations to permit NCA to accomplish this goal and open five new cemeteries in the coming five years. Moreover, funding must remain to continue to expand existing cemetery facilities as the need arises.

While the costs of fuel, water, and contracts have risen, the NCA operations budget has remained nearly flat for the past two budgets. Unfortunately, recent audits have shown cracks beginning to appear. Due predominantly to poor contract oversight, several cemeteries inadvertently misidentified burial locations. Although only one or two were willful violations of NCA protocols, the findings demonstrate a system about ready to burst.

To meet the increased costs of fuel, equipment, and other resources as well as ever-increasing contract costs, The American Legion believes a small increase is necessary. In addition, we urge Congress to adequately fund the construction program to meet the burial needs of our nation's veterans.

### **State Cemetery Grant Program**

The NCA administers a program of grants to states to assist them in establishing or improving state-operated veterans' cemeteries through VA's State Cemetery Grants Program (SCGP). Established in 1978, this program funds nearly 100% of the costs to establish a new cemetery, or

expand existing facilities. For the past two budgets, this program has been budgeted \$46 million to accomplish this mission.

New authority granted to VA funds Operation and Maintenance Projects at state veterans cemeteries to assist states in achieving the national shrine standards VA achieves within national cemeteries. Specifically, the new operation and maintenance grants have been targeted to help states meet VA's national shrine standards with respect to cleanliness, height, and alignment of headstones and markers, leveling of gravesites, and turf conditions. In addition, this law allowed VA to provide funding for the delivery of grants to tribal governments for Native American veterans. Yet we have not seen the allocation of funding increased to not only meet the existing needs under the construction and expansion level but also the needs from operation and maintenance and tribal nation grants. Moreover, as these cemeteries age, the \$5 million limitations must be revoked to allow for better management of resources within the projects.

### **Medical and Prosthetic Research**

The American Legion believes VA research must focus on improving treatment for medical conditions unique to veterans. Because of the unique structure of VA's electronic medical records (VISTA), VA Research has access to a great amount of longitudinal data incomparable to research outside the VA system. Because of the ongoing wars of the past decade, several areas have emerged as "signature wounds" of the Global War on Terror, specifically Traumatic Brain Injury (TBI), Posttraumatic Stress Disorder (PTSD) and dealing with the effects of amputated limbs.

Much media attention has focused on TBI from blast injuries common to Improvised Explosive Devices (IEDs) and PTSD. As a result, VA has devoted extensive research efforts to improve the understanding and treatment of these disorders. Amputee medicine has received less scrutiny but is no less a critical area of concern. Because of improvements in body armor and battlefield medicine, catastrophic injuries that in previous wars would have resulted in loss of life have led to substantial increases in the numbers of veterans who are coping with loss of limbs.

As far back as 2004, statistics were emerging which indicated amputation rates for US troops were as much as twice that from previous wars. By January of 2007, news reports circulated noting the 500<sup>th</sup> amputee of the Iraq War. The Department of Defense response involved the creation of Traumatic Extremity Injury and Amputation Centers of Excellence, and sites such as Walter Reed have made landmark strides in providing the most cutting-edge treatment and technology to help injured service members deal with these catastrophic injuries.

However, The American Legion remains concerned that once these veterans transition away from active duty status to become veteran members of the communities, there is a drop-off in the level of access to these cutting edge advancements. Ongoing care for the balance of their lives is delivered through the VA Health Care system, and not through these concentrated active duty centers.

Many reports indicate the state of the art technology available at DOD sites is not available from the average VA Medical Center. With so much focus on “seamless transition” from active duty to civilian life for veterans, this is one critical area where VA cannot afford to lag beyond the advancements reaching service members at DOD sites. If a veteran can receive a state of the art artificial limb at the new Walter Reed National Military Medical Center (WRNMC) they should be able to receive the exact same treatment when they return home to the VA Medical Center in their home community, be it in Gainesville, Battle Creek, or Fort Harrison.

American Legion contact with senior VA health care officials has concluded that while DOD concentrates their treatment in a small number of facilities, the VA is tasked with providing care at 152 major medical centers and over 1,700 total facilities throughout the 50 states as well as in Puerto Rico, Guam, American Samoa and the Philippines. Yet, VA officials are adamant their budget figures are sufficient to ensure a veteran can and will receive the most cutting edge care wherever they choose to seek treatment in the system.

The American Legion remains concerned about the ability to deliver this cutting edge care to our amputee veterans, as well as the ability of VA to fund and drive top research in areas of medicine related to veteran-centric disorders. There is no reason VA should not be seen at the world’s leading source for medical research into veteran injuries such as amputee medicine, PTSD, and TBI.

In FY 2011 VA received a budget of \$590 million for medical and prosthetics research. Only because of the efforts of the House and Senate was this budget kept at that level during the FY 2012 and 2013 budgets, due to significant pressure from The American Legion. Even at this level, The American Legion contends this budget must be increased and closely monitored to ensure the money is reaching the veteran at the local level.

### **Medical Care Collections Fund (MCCF)**

In addition to the aforementioned accounts which are directly appropriated, medical care cost recovery collections are included when formulating the funding for VHA. Over the years, this funding has been contentious because they often included proposals for enrollment fees, increased prescription rates, and other costs billed directly to veterans. The American Legion has always ardently fought against these fees and unsubstantiated increases.

Beyond these first party fees, VHA is authorized to bill health care insurers for nonservice-connected care provided to veterans within the system. Other income collected into this account includes parking fees and enhanced use lease revenue. The American Legion remains concerned that the expiration of authority to continue enhanced use leases will greatly impact not only potential revenue but also delivery of care in these unique circumstances. We urge Congress to reauthorize the enhanced use lease authority with the greatest amount of flexibility allowable.

In May 2011, the VA Office of Inspector General (OIG) issued a report auditing the collections of third party insurance collections within MCCF. Their audit found that “VHA missed opportunities to increase MCCF by .46 percent.” Because of ineffective processes used to



identify billable fee claims and systematic controls, it was estimated VHA lost over \$110 million annually. In response to this audit, VHA assured they'd have processes in place to turn around this trend.

Yet even if those reassurances were met, the MCCF collection would not meet the quarterly loss beneath the budgeted amounts. Without those collections, savings must be garnered elsewhere to meet these shortfalls, thereby causing facility administrators and VISN directors to make difficult choices that ultimately negatively impact veterans through a lack of hiring, delay of purchasing, or other savings methods.

It would be unconscionable to increase this account beyond the previous levels that were not met. To do so without increasing co-payments or collection methods would be counterproductive and mere budget gimmickry. While we recognize the need to include this in the budget, The American Legion cannot be part of a budget that penalizes the veteran for administrative failures.

### **Additional Funding for State Approving Agencies**

State Approving Agencies (SAAs) are responsible for approving and supervising programs of education for the training of veterans, eligible dependents, and eligible members of the National Guard and the Reserves. SAAs grew out of the original GI Bill of Rights that became law in 1944. Though SAAs have their foundation in federal law, SAAs operate as part of state governments. SAAs approve programs leading to vocational, educational or professional objectives. These include vocational certificates, high school diplomas, GEDs, degrees, apprenticeships, on-the-job training, flight training, correspondence training and programs leading to required certification to practice in a profession.

SAAs currently employ 250 professionals across 57 states and territories and are responsible for over 8,000 facilities and more than 100,000 programs. State approving agencies serve our veterans by protecting the quality and integrity of the GI Bill programs. These unique state agencies, funded by federal contract through the VA, approve programs according to federal and state requirements. They provide oversight to make sure schools remain compliant with those requirements through school visits and routine renewal of approval.

However, since 2006, SAAs have been flat funded at \$19 million dollars, meaning they have not received an increase in funding, yet dealing with increased volume. There have been no needed increases to reflect the increasing complexity of administering the benefit and the rapid growth of beneficiaries driven by the Post 911 GI Bill. This, along with the increased cost of hiring and retaining personnel, to include increased health care and benefits (an average increase of \$20,000 per professional over the past decade), has resulted in SAAs struggling to provide the needed service to and protection for veterans. As such, we urge Congress to increase the SAA allocation from \$19 to \$26 million to allow these important agencies to continue to provide approval and oversight of quality educational and training programs for our veterans.

### **Advance Appropriations for FY 2018**

The Veterans Health Administration (VHA) manages the largest integrated health-care system in the United States, with 152 medical centers, nearly 1,400 community-based outpatient clinics, community living centers, Vet Centers and domiciliaries serving more than 8 million veterans every year. The American Legion believes those veterans should receive the best care possible.

The needs of veterans continue to evolve, and VHA must ensure it is evolving to meet them. The rural veteran population is growing, and options such as telehealth medicine and clinical care must expand to better serve that population. Growing numbers of female veterans mean that a system that primarily provided for male enrollees must now evolve and adapt to meet the needs of male and female veterans, regardless whether they live in urban or rural areas.

An integrated response to mental health care is necessary, as the rising rates of suicide and severe post-traumatic stress disorder are greatly impacting veterans and active-duty servicemembers alike.

If veterans are going to receive the best possible care from VA, the system needs to continue to adapt to the changing demands of the population it serves. The concerns of rural veterans can be addressed through multiple measures, including expansion of the existing infrastructure through CBOCs and other innovative solutions, improvements in telehealth and telemedicine, improved staffing and enhancements to the travel system.

Patient concerns and quality of care can be improved by better attention to VA strategic planning, concise and clear directives from VHA, improved hiring practices and retention, and better tracking of quality by VA on a national level.

And finally, mandatory funds must be included in Advanced Appropriations along with full discretionary funding of all VA accounts. Veterans and dependents having their compensation and disability checks delayed because Congress refuses to pass an annual budget before being forced to close the federal government is reprehensible. Pass full advanced appropriations now.

### **Conclusion**

To assimilate all outside care under one cohesive management authority, all future Choice funding needs to be included in a consolidated community care model. The VACAA infused \$10 billion in care funding because there was a demonstrated need, and that demand has not gone away. Any and all future funding levels must reflect this as part of the plan, not wait until VHA is in crisis.

Greater emphasis needs to be placed on VA's hiring and incentives, and if additional resources are needed to secure key providers like psychologists and physician's assistants, then VHA must be provided with the funding needed to make those critical hires. That is the long-term key to ensuring that veterans get the care they need in a timely fashion in the system that is designed to treat their unique wounds of war.

Individuals affected by homelessness should not have to choose between staying with their dependents or obtaining needed resources from a homeless shelter. Funds must be allocated to supporting veterans affected by homelessness who are also caring for others.

SAA are integral in assisting veteran in higher education. Additional funding to support their mission should be included in this budget.

The American Legion thanks this committee for the opportunity to elucidate the position of the over 2.2 million veteran members of this organization. For additional information regarding this testimony, please contact Mr. Derek Fronabarger, Deputy Director of The American Legion Legislative Division at (202) 861-2700 or [dfronabarger@legion.org](mailto:dfronabarger@legion.org).